



Railroad Commission of Texas

Field Transfers

August 5, 2021

The meeting will begin shortly.





Field Transfers

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August 2021



Power Point Presentation



This presentation is available for download from the RRC website at <https://www.rrc.texas.gov/oil-and-gas/workshops-and-conferences/rrc-regulatory-webinars/regulatory-webinars-2021-schedule/>

Field Transfers - Overview



- Introduction
 - What is a field transfer and what are they used for?
- Relationship to SWR40
 - UFT Fields
- What Constitutes a Field Transfer?
 - 3 Scenarios
- Field Transfer Request Information
 - How the process works

Field Transfers – Introduction (1 of 3)



- A Field Transfer is the process in which a well is transferred from one field to another.
- Example:
 - Transferring a well from the WOLFBONE (TREND AREA) (98359800) field to the HOEFS T-K (WOLFCAMP) (41911500) field.

Field Transfers – Introduction (2 of 3)



- Historically, field transfers were rare and discouraged.
 - Used when it was determined that a well had been placed in an incorrect field
- Recently, field transfers have been used as a vehicle to bring wells into compliance with Statewide Rule 40.

Field Transfers – Introduction (3 of 3)



- Reviewers look to see if Field Transfer requests bring some degree of order to the well's current situation.
 - Is a field transfer necessary for this situation?
- Transferring a well to a different, desired field should make sense **geographically** and **geologically**.
- To that extent, some additional information may be necessary.
 - Cross-section, area map, etc.

Horizontal Field Transfers



- A field transfer may **alter** the maximum acreage allowed.

Comment	
EDL=13800 feet, max acres=704, PHANTOM (WOLFCAMP) oil or gas well take points: 9086-22890 feet	

Comment	
EDL=13800 feet, max acres=840, PARKS (CONSOLIDATED) oil well take points: 9086-22890 feet	

Statewide Rule 40 (1 of 2)



- Statewide Rule 40: “Assignment of Acreage to Pooled Development and Proration Units”
- Relevant clause is §3.40(d)
 - “Multiple assignment of acreage is **not permitted**... Multiple assignment of acreage is defined as the assignment of the same surface acreage to more than one well in a field.”

Statewide Rule 40 (2 of 2)



- It is also considered a violation of Statewide Rule 40 if the same acreage is assigned to more than one well in fields with the same or overlapping correlative intervals.

Statewide Rule 40 - Reformation



- §3.40(d) cont.
 - “However, this limitation shall not prevent the reformation of development or proration units so long as:
 - (1) no multiple assignment of acreage occurs; and
 - (2) such reformation does not violate other conservation regulations.”



- §3.40(e): Unconventional fracture treated (UFT) fields
- Multiple assignment of acreage is permissible as follows:
 - “Assignment of acreage to both a horizontal well and a vertical well for drilling and development or for allocation of allowable is permissible. ”



- §3.40(e)(2)
 - “Where ownership of the right to drill or produce from a tract in a UFT field is **divided horizontally**, acreage may be assigned to more than one well provided that the wells having the same wellbore profile are not completed in the same ownership interval.”

What Constitutes a Field Transfer (1 of 4)



- **Question:** “How do we change the field name for this well from Field A to Field B?”
- **Answer:** First we look at two things:
 1. Is the well **on schedule** in Field A?
 2. Are the current perfs (take points) different from the perfs that were originally associated with Field A?

What Constitutes a Field Transfer (2 of 4)



- If the well is **not** on the proration schedule in Field A:
- Then:
 - Amend the existing drilling permit (Form W-1) to add Field B. Mark “amended” as purpose of filing on the Form W-1.
 - Change the field name on the completion report to Field B.

What Constitutes a Field Transfer (3 of 4)



- If the well **is** on the proration schedule in Field A *and* the current perfs **are different**:
- Then:
 - File a drilling permit (Form W-1) for Field B. Mark “recompletion” as the purpose of filing on Form W-1.
 - File a new completion report for Field B.

What Constitutes a Field Transfer (4 of 4)



- If the well **is** on the proration schedule in Field A and the current perfs are **not different**:
- Then a field transfer request is needed. Submit the field transfer request to the engineering unit.



- Letter of request
 - Reason why the field requested is more appropriate than the permitted field.
 - Operator may request to transfer more than one well on a single letter application.



- Transferring a well to a different, desired field should make sense **geographically** and **geologically**.



- Area Map must:
 - Have well locations and field names for each well.
 - Demonstrate why requested field is *geographically* appropriate.
 - Well Tabulation:
 - Producing Field, Production Interval(s), Current Status
- Cross-section – *may be needed*
 - Ties subject well to other wells in the area.
 - Demonstrate why field is *geologically* appropriate.

Field Transfers – Information Reqs. (4 of 4)



Well Tabulation Example:

API #	TD	Producing Interval (TVD)	Operator	Lease Name	Field	Well #	Well Type
31732083	8760	8435-8741	XTO ENERGY INC.	PETERS-3-	PHANTOM (WOLFCAMP)	2	SHUT IN
31732149	9400	9216-9348	CUTBOW OPERATING LLC	COGGIN	PHANTOM (WOLFCAMP)	1	PRODUCING
31732285	8740	8609-8739	WATUSI ENERGY LLC	WAYNE	SPRABERRY (TREND AREA)	1	PRODUCING
31732306	8750	8696-8719	LARIO OIL & GAS COMPANY	LINDSEY UNIT	PHANTOM (WOLFCAMP)	1	NO PRODUCTION
31732362	8770	8665-8768	WATUSI ENERGY LLC	KOONCE	SPRABERRY (TREND AREA)	1	PRODUCING
31732366	8730	8642-8722	WATUSI ENERGY LLC	CAIN UNIT	SPRABERRY (TREND AREA)	1	PRODUCING
31732410	8650	8398-8645	WATUSI ENERGY LLC	JONES	SPRABERRY (TREND AREA)	1	PRODUCING

Field Transfer Review Process



- Engineering unit staff will review the request and provide information for appropriateness.
- Upon approval, the requesting party will be sent an approval letter.

Field Transfer Approval Letter



CHRISTI CRADDICK, CHAIRMAN
JIM WRIGHT, COMMISSIONER
WAYNE CHRISTIAN, COMMISSIONER



DANNY SORRELLS
ASSISTANT EXECUTIVE DIRECTOR
DIRECTOR, OIL AND GAS DIVISION
PAUL DUBOIS
ASSISTANT DIRECTOR, TECHNICAL PERMITTING

RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

July 21, 2021

OIL & GAS COMPANY
ATTN: REGULATORY DEPARTMENT
1701 CONGRESS AVE
AUSTIN TX 78701

RE: MAY — WELL NO. XH
PECOS COUNTY, DISTRICT 08, TEXAS
API NO. XXX-XXXXX
LEASE/ID NO. XXXXX
PRODUCING INTERVAL: 10,606-14,278'

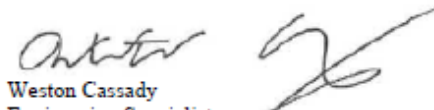
Dear Operator:

The Commission has approved your request to transfer the above-referenced well from the WOLFBONE (TREND AREA) (98359800) field to the HOEFS T-K (WOLFCAMP) (41911 500) field.

Please file Forms G-1/W-2, P-4, and W-1 (if not already done) for the well with the new field name indicating the transfer comments in the remarks section. If the previous completion report associated with lease/ID no. XXXXX showed perforations, mark "field transfer" in item #6 of the Form W-1. If this completion report did not show perforations, mark "recompletion" instead. Contact the district 08 proration analyst, if you have any questions or to determine if a Form P-15 with plat is required.

Please note: If this well has a Rule 10 exception for the current field, it will be necessary to obtain a new Rule 10 exception letter for this well for the HOEFS T-K (WOLFCAMP) (41911 500) field.

Sincerely,


Weston Cassidy
Engineering Specialist
Technical Permitting

CONTACT US



For Technical Questions related to Field Transfers, contact the Engineering Unit:

512-463-1126

For Questions related to Completion filings for Field Transfers, contact the Proration Unit:

512-463-6975



Evaluation

- Please complete the evaluation available on the RRC website at <https://survey.alchemer.com/s3/6403402/2021-RRC-Regulatory-Webinars-Oil-Gas-and-Pipeline-Safety-Evaluation>

Archive Video

- A link to the archive video of the webcast will be available on the same webpage as the presentation.